

# Unlocking the power of advice

In 2018, our report *The Financial Power of Women*, set out to find working solutions to help women 'GET INvested'. Women face a significant financial challenge: the gender pay gap, the gender pension gap, and the belief that investing in the stock market 'isn't for them'. In this report, *Unlocking the Power of Advice*, we have turned the spotlight onto the industry to look at the barriers stopping women from accessing advice, how we can overcome them, and the opportunities for advisers. Here, we cover the key take-aways.

## Our research

As part of our study, we spoke to male and female IFAs and to thousands of consumers across the UK. Some had taken financial advice in the past, and others had never considered it. We also went back to speak to a number of women following the onset of the Covid-19 pandemic, as women have been disproportionately affected by job losses and childcare.

## Key take-outs

The feedback from those who have sought out financial advice was overwhelmingly positive, but women tend to reach out to an adviser later in life. Almost twice as many men aged 18-34 years old would seek out financial advice than women of the same age. There is an urgent need to reach younger women to help them understand the value of financial advice and close the savings gap at retirement. Half of IFAs also reported losing female clients once that client's partner had passed away. Engaging with women at a younger age and finding a way to empower them when it comes to conversations about the couple's finances should naturally help to reduce this attrition rate.

**If investment providers were able to engage more meaningfully with women the results could generate a further £12.4bn from millennial women and £24.4bn from Gen X women. Women are also more likely to stay with an adviser – and grow wealth and assets – throughout their lifetime.**

## Today's challenge

The economic impact of Covid-19 is likely to be long-lasting and is having a particularly adverse effect on women's finances. The Institute for Fiscal Studies found that women and the under-25s are more likely to work in sectors that had been forced to close because of the spread of the virus - retail, hospitality, arts and leisure and passenger transport.

When we spoke to women, many said they would now be more likely now to seek financial advice to ensure they were protected financially against the unexpected.



## What do women want from advice?

Women seek advice for a myriad of reasons; from managing an inheritance, planning for retirement to setting up critical illness cover or funding care. While these reasons won't necessarily be any different from a man's, our research highlighted the differences in how women want to be engaged with by their adviser.

### Key stats to remember

**33%** of IFAs said that women tended to be more risk-averse compared to men.

**More than half** of IFAs said that women tend to be more interested in investing ethically compared to men.

**1/4** of women reported feeling anxious when faced with the choices of the pension freedoms.

## The barriers to advice across the generations

- Men aged 18-34 are more likely to have sought help from an adviser to improve their overall wellbeing. Women of the same age would go to GPs and mental health professionals.
- However, 54% of women were not sure they had enough saved to live comfortably in retirement.
- Others reported feeling intimidated, or that they didn't have enough wealth to justify advice.

### Key stats to remember

**81%** of women said that they had no preference when it came to the gender of the adviser.

**1/2** of IFAs reported losing a female client when their partner passed away.

This was because they didn't wish to continue receiving financial advice (49%), wished to choose their own adviser (45%), preferred an adviser of a different sex (40%) or the cost was simply too much (37%).

**Research Methodology:** Fidelity International surveyed 2,000 UK adults on their views on financial advice. All respondents had over £1K worth of investable assets. Of the respondents, 80% had a workplace or private pension and two thirds had sought financial advice in their life. Fieldwork was carried out by Opinium research in February 2020.

**Important information:** The value of investments and the income from them can go down as well as up, so you may get back less than you invest. With ISAs and pensions tax treatment depends on individual circumstances and all tax rules may change in the future. Withdrawals from a pension product will not be possible until you reach age 55. This information is not a personal recommendation for any particular investment.

If you are unsure about the suitability of an investment you should speak to an authorised financial adviser.

## What advice is getting right

When women do seek advice, they reported high levels of satisfaction across three categories of communication, performance, and understanding of their needs.

### Key stats to remember

**1/3** of women who had sought financial advice for a one-off situation, continued to receive advice once that situation was resolved.

**More than a third** of women (38%) said they would prefer to work alongside a professional to help them make decisions, compared to 31% of men.

## Finding workable solutions

Our report highlights several starting points to get more women accessing advice in any form:

- 1.** We need to speak about financial advice in a different way: this will help to reach new audiences. 31% of IFAs said that focusing on increasing wealth for the whole family, not just the individual, would help to engage more women.
- 2.** Familiarising young people with the concept of advice: face-to-face advice will not be for every person in every life stage. Technology can help to introduce young people to financial advice and give them the tools to build their wealth from a younger age - better equipping them for the future.
- 3.** Help individuals to understand when face-to-face advice is useful: not every life stage requires financial advice, but there are some that do. Recognising when someone would benefit from a relationship with an IFA will be helpful in boosting the numbers seeking advice.

We know that women spell an opportunity for advisers. Now we need to encourage women that financial advice is an opportunity for them too.

Fidelity International surveyed 406 IFAs on the topic of women and financial advice. Fieldwork was carried out by Censuswide in February 2019.

Fidelity International also undertook qualitative research amongst both women and IFAs between March and April 2020.

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For more information on Fidelity's Unlocking the Power of Advice report or for any tips on how you can expand your female client bases, please visit our FundsNetwork adviser [website](#)

